GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1813
ANSWERED ON:24.08.2007
NO-DUE CERTIFICATE FROM FARMERS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) the criteria adopted for obtaining smaller amount of bank loans by the fanners;

(b) whether the Government is aware that the banks are insisting on No Due Certificates (NDC) from the farmers even after RBI`s instruction;

(c) if so, the action taken by the Government to alleviate the problems being faced by the farmers; and

(d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): Reserve Bank of India has issued instructions to the Chairman 8s Managing Director/Chief Executive Officer of All Scheduled Commercial Banks (including Regional Rural Banks) that banks may dispense with the requirement of No-Due Certificate for small loans upto Rs.50,000/- to small & marginal farmers, share croppers and, instead, obtain self- declaration from the borrower. Besides, the loans up to Rs. 50,000 have also been, made collateral and margin free.

Further, in crder to overcome the problems faced by banks in lending to landless labourers, share-croppers and oral lessees due to the absence of documents verifying their identity and status, banks have been advised to accept certificates provided by local administration / panchayati raj institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees.

There is no specific report with the Government of any Scheduled Commercial Bank (including Regional Rural Bank) insisting on a `No Dues Certificate` for sanctioning a farm loan up to Rs. 50,000.